

TESTIMONY OF BARRY R. McCAFFREY
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BEFORE THE SENATE COMMITTEE ON FOREIGN RELATIONS
AND THE SENATE CAUCUS ON INTERNATIONAL NARCOTICS CONTROL,
ON U.S.-MEXICO COUNTER-NARCOTICS EFFORTS,
OCTOBER 29, 1997

Chairman Coverdell, Chairman Grassley, Co-Chairman Biden, members of both the Committee on Foreign Relations and the Caucus on International Narcotics Control, thank you for the opportunity to testify on U.S.-Mexico counter-narcotics efforts. The Office of National Drug Control Policy (ONDCP) appreciates your longstanding support, as well as that of the Committee and Caucus. The recently enacted Portman-Grassley bill will help build community anti-drug coalitions across the nation. The new \$195 million youth media campaign will, for the first time, allow us to use the full power of the media to educate our children about the dangers of illegal drugs. Indeed, the Office of National Drug Control Policy Reauthorization Act of 1997, which is now before the Congress reflects a continuing and constructive dialogue among committed Senators and Representatives, their expert staff, and ONDCP.

The bipartisan support ONDCP has received because of your leadership and hard efforts has had a direct and substantial impact on the success America has enjoyed in reducing drug use. By focusing on achieving real progress, each of you has made a difference we all can be proud of. Over the past 17 years, this bipartisan partnership has contributed to a 50 percent overall reduction in the number of Americans using drugs and a 75 percent reduction in the number of Americans using cocaine. Nevertheless, if unchecked, America's drug abuse problem will kill 140,000 Americans and cost our society \$700 billion over the coming decade.

My commitment to the Congress when you considered my appointment in February 1996 remains constant: to forge a coherent counter drug strategy that will reduce illegal drug use and protect our youth and our society. ONDCP remains committed to that goal and we look forward to working closely with the Committee and Caucus as we implement the objectives of the *National Drug Control Strategy*.

EXECUTIVE SUMMARY

The United States government's strategy is to build a partnership with Mexico to confront the common threat of illegal drugs. Our approach recognizes that we can only successfully disrupt and destroy international drug trafficking organizations, which operate in both Mexico and the United States, if we work cooperatively with the government of Mexico. Unilateral strengthening of U.S. drug interdiction capacity along the border will significantly reduce the flow of drugs into this country if we couple border interdiction efforts with a strategic U.S.-Mexican

attack on major criminal organizations. To reach these criminal organizations, which is also in Mexico's interest, we must cooperate. We encourage cooperation by accepting Mexico as a sovereign partner with whom we share mutual objectives. Where it contributes to the achievement of our mutual objectives, we are prepared to assist the government of Mexico and they will equally support our efforts.

Through collaboration and cooperation with Mexico and other hemispheric partners we are able to attack the entire chain of illegal drug production, shipment and distribution. Close cooperation is the key to magnifying our counter-drug efforts. Multinational solutions are the best way to counter the multilateral problems of illegal drugs and drug-related crime and corruption.

Our collaborative approach has produced a three-year record of positive results. In May, the United States and Mexico released a *U.S. Mexico Bilateral Drug Threat Assessment*, which represents the first time our two nations have jointly defined the drug threat. This *Threat Assessment* was followed by a report to the Congress on September 15, and will be followed in December by a *U.S.- Mexican Counter-drug Strategy* for mutually reinforcing cooperative action against illegal drugs. Our two governments are continuing and enhancing our efforts within the framework of our legal systems against the major trafficking organizations. We have established better communication and cooperation for the return of fugitives for trial, including approval of extradition of Mexican citizens on drug charges. As a result we are seeing the best opportunity yet for the destruction of major trafficking organizations.

Mexico has made significant strides in preparing the legal and institutional infrastructure to combat drug trafficking in a systematic manner. Mexico has initiated fundamental reform of the governmental institutions essential to the destruction of major drug trafficking organizations. Mexico has created a Special Prosecutor's Office for Crimes Against Health (replacing the National Counter-Drug Institute (INCD), which had been compromised by General Gutierrez Rebollo and others). The Zedillo administration has started a comprehensive vetting program, which will be widely implemented in the Office of the Prosecutor General of the Republic (PGR). Particular subgroups of that office have been designed to concentrate on Organized Crime, and to staff the Bilateral Border Task Forces. About half of the Organized Crime Unit is now staffed with vetted specialists and the Bilateral Border Task Forces will be fully staffed with their complement of Mexican officers by the end of this year. So far as institutional restructuring goes, the government of Mexico informs us that at the beginning of October they had evaluated the fitness of 2,231 employees in the Office of the Special Prosecutor for Crimes Against Public Health (the drug crimes office). Of those, the results of the evaluation were available for 1,058. Of that number, 462 were qualified for employment and 596 were not approved. On October 1, the Special Prosecutor's Office was staffed with 560 employees and the rest were awaiting the vetting results before beginning employment.

Mexico has also passed new legislation that provides an expanded range of modern investigative and prosecutorial tools for use against drug traffickers. As they become more

experienced with the use of informants, legal wire taps, and plea bargaining, it is likely that the success rate will improve for the investigation, arrest, prosecution, and conviction of drug traffickers. Using these new tools, a total of \$41 million has been seized from the Carillo Fuentes organization alone.

However, much remains to be done. President Zedillo has recognized that corruption continues to be a significant threat to Mexico's national security. Speaking before Mexico's Congress, Attorney General Madrazo told legislators that organized crime is overwhelming the nation's police forces, and he urged federal, state and local officials, and the public to unite in efforts against crime and corruption.

Reform has been and will continue to be painful, dangerous, and time consuming. Reform has exposed Mexico to detailed scrutiny in the international community as the extent of drug corruption was made public with each new arrest. Nonetheless, President Zedillo has pursued a policy of investigation, arrest, and prosecution of corrupt public officials. The U.S. must guard against responding to the uncovering of official corruption by a single-minded focus on the problems that remain. The more considered U.S. analysis is that while problems remain, these tough efforts demonstrate the resolve of the Zedillo administration to face up to serious shortcomings.

The U.S. policy with respect to Mexican counter-drug efforts recognizes the complexities of our relationship with Mexico. The United States and Mexico share a land border that is 2,000 miles long. Our nations share growing economic ties vital to the competitiveness of both nations. America's imports to Mexico increased by 127 percent from 1990 (\$39.3 billion) to 1996 (\$89.4 billion). In the first six months of 1997: Texas' exports to Mexico alone were running at an annual rate of \$23.6 billion (up 62 percent from 1993); Arizona's exports to Mexico were running at an annual rate of \$2.1 billion (up 84 percent from 1993); and, California's exports to Mexico were running at an annual rate of \$5.2 billion (up 92 percent from 1993).¹ Our people share deep ties; nearly one in sixteen Americans is of Mexican descent. It would be nearly impossible to

¹Trade benefits reach far beyond the border states. For example: Florida's exports to Mexico were running at an annual rate of \$1.7 billion (up 87 percent from 1993); Indiana's exports to Mexico were running at an annual rate of \$3.1 billion (up 151 percent from 1993); Georgia's exports to Mexico were running at an annual rate of \$815.7 million (up 126 percent from 1993); Iowa exports to Mexico were running at an annual rate of \$228.8 million (up 170 percent from 1993); Minnesota's exports to Mexico were running at an annual rate of \$877.4 million (up 71 percent from 1993); and, Massachusetts' exports to Mexico were running at an annual rate of \$494.5 million (up 26 percent from 1993).

sever these ties, but easy and counter-productive to weaken them. However, by strengthening these ties we continue to build a strong foundation upon which to build a lasting partnership against illegal drugs.

The U.S. government is confident that with the continuing support of Congress over the coming years, our two nations can significantly reduce our common drug threat. The support of Congress is vital if we are to continue building the substantive framework and bonds of trust with Mexico necessary for progress against the threat of illegal drugs.

I. INTRODUCTION

Over the past three years, the United States and Mexico have laid the foundation for a cooperative relationship to battle our common problems of narcotics trafficking, and the associated crime and corruption. Both nations are committed at the highest levels to increasing cooperation and making further progress. However, impediments to greater bilateral cooperation remain. Corruption remains a serious problem for Mexico's law enforcement and judicial institutions, counter-narcotics resources are sometimes scarce, and historical factors hinder cooperation at operational levels.

Our common efforts to combat narcotics are part of a complex, symbiotic relationship shaped, on the one hand, by history, culture, and geography, and, on the other, by the dynamics of a modern global economy. About six million people living in the United States were born in Mexico, and several million American citizens -- nearly one in sixteen -- are of Mexican descent. More than one half million Americans live in Mexico. The busiest border in the world, stretching two thousand miles, connects our two nations. Each year more than 250 million people, 75 million cars, three million trucks, and almost 500,000 rail cars cross the border. The hundreds of millions of legal border crossings and the estimated four million or more illegal crossings that occur annually demonstrate the depth and intensity of our relationship, and the real concerns that bilateral cooperation must address.

During 1994 and 1995, Mexico faced its worst financial crisis in the last 60 years. In 1995, the value of the Mexican peso fell by half against the U.S. dollar, interest rates soared above 80 percent, official unemployment more than doubled, and Mexico's GDP contracted substantially. Thanks to solid macro-economic discipline and the policy framework NAFTA helped lock in, Mexico's recovery has been much more rapid than expected. Inflation is under control, interest rates are falling, employment and consumer spending are turning upward, and GDP growth rates are approaching five percent. Our bilateral trade rose to nearly \$130 billion in 1996, and Mexico recently surpassed Japan as our second largest market for U.S. exports (after Canada). Our provision of \$13.5 billion in emergency loans and loan guarantees in the wake of the peso crisis was instrumental in bringing about this recovery. All those loans have now been repaid to the U.S. Treasury -- with interest.

Mexico is in the process of a profound political transition, which in the long-term will

assist in our joint accomplishment of the counter-narcotics task. Over the next few years, the increasingly open and accountable government will strengthen the focus of Mexicans on the institutional renewal needed to combat the corrosive effects of drug trafficking and associated corruption. Already, there is wide agreement in Mexico on the serious threat to Mexican institutions and society posed by narcotics trafficking. Agreement also exists about the critical need to confront this threat.

Within the context of this period of transformation, the U.S. and Mexico have laid the foundation for unprecedented binational cooperation against our shared narcotics threat. President Clinton's visit to Mexico in May 1997 was pivotal in establishing this foundation for cooperation embodied in the signing of the *Declaration of the U.S.-Mexico Alliance Against Drugs*. President Zedillo's determination after his 1994 election that narcotics trafficking poses the number one national security threat to Mexico has prompted the Mexican government to take new and important drug control measures.

However, laying a foundation is only the beginning. Our day-to-day interactions with Mexico in the common fight against drugs represent the steady building of a lasting partnership against drugs. In certain areas cooperation is proceeding smoothly. For example, Mexico has criminalized money laundering, facilitated counter-drug overflight and refueling, helped halt large cargo plane cocaine shipments from Colombia to the U.S., and invited U.S. technical support to strengthen its counter-drug institutions and judicial infrastructure. We are building a strong framework.

In other areas cooperation is moving more slowly. Certain law enforcement cooperation is constrained by a lack of mutual confidence and understandable political sensitivities and restrictions. Mexico's law enforcement institutions are afflicted by corruption and in some instances have been penetrated by the very cartels they target. Extraditions of Mexican nationals on narcotics-related charges remain difficult.

The Administration is convinced that the most effective approach to combating drug trafficking is through a highly collaborative relationship with the Mexican government and the Mexican and U.S. publics. Efforts with Mexico and other nations of the hemisphere to create partnerships for the future must form the base of strength from which we can address the shared threat of drugs. Bilaterally and multilaterally, we must strengthen our hemispheric coordinated counter-drug efforts as we build increased linkages between our societies and economies. Our focus must be on joint and common progress, not finger pointing. Our efforts with Mexico demonstrate the soundness of this approach.

Nowhere is this cooperation more clear than with respect to the U.S.-Mexico High Level Contact Group meetings held last week in Washington, D.C. During these meetings, we made solid progress in developing the bilateral *Counter-drug Strategy* agreed upon by the Presidents in May of this year. (A copy of the communique from these meetings is provided at attachment 1.) We expect the *Strategy* that will emerge from these negotiations to cover the full range of anti-

drug initiatives -- from prevention to interdiction, from precursor chemicals to money laundering. We anticipate having this bilateral *Strategy* before the American and Mexican people and the U.S. and Mexican Congress by year's end.

My purpose today is to review our efforts toward a collaborative counter-narcotics approach over the past three years, and to demonstrate how these efforts have brought about real progress both in combating drugs and in building stronger and more democratic societies. A more comprehensive summation is contained in the *September 1997 Report to Congress*. (See attachment 2.)

II. MEXICO'S RECORD OF PROGRESS IN FIGHTING ILLEGAL DRUGS

A. Increasing Levels of Seizures and Eradication

In each year since 1994, Mexico has increased the quantity of illegal drugs seized and led the world in destruction of illegal drug crops. Mexico is currently prepared to match its 1996 eradication campaign, which resulted in a record of more than 37,000 hectares of illicit drug crops destroyed. In the first eight months of 1997, Mexico reports eradicating 12,706 hectares of opium poppy and 10,756 hectares of marijuana. Mexico has already seized more cocaine in eight months of 1997 than in all of either 1995 or 1996. While eradication and seizure statistics are imperfect measures of political will or operational effectiveness, they nonetheless are valid indicators of a government's commitment to fighting drugs.

B. Improving Extradition Cooperation and Strengthening Enforcement Against Fugitives

Last year, President Zedillo broke precedent by deciding to extradite two Mexican nationals. Mexican law permits nationals to be extradited in "exceptional cases," but never before had this authority been invoked by a Mexican President. The first Mexican national extradited to the U.S. was Francisco Gamez Garcia, on child molestation charges. The government of Mexico (GOM) also extradited Aaron Morel Lebaron, a U.S. citizen who was Mexican by birth, on murder charges. The GOM also extradited to the U.S. two individuals with dual U.S.-Mexican citizenship on drug charges. Mexican citizenship in these cases was acquired by marriage.

There has been steady improvement in the extradition relationship between Mexico and the United States over the last three years, with sustained achievements over the past six months. Mexico has extradited eleven fugitives to the United States from January through October 26, 1997, numbers substantially equivalent to those achieved in 1996, but vastly improved over previous years. Six of the fugitives were U.S. citizens. Of the ten cases, five individuals were extradited for drug crimes. Also in 1997, four Mexican nationals have been found extraditable by the Mexican government, but cannot be surrendered until either their appeals or sentences are completed.

Over the past six months, the primary developments in extradition of major narcotics traffickers requested from Mexico include the death of one of our primary fugitives (Amado

Carrillo Fuentes the leader of the Juarez gang) and the arrests in Mexico of three significant Mexican defendants --Oscar Malherbe, Jaime Ladino, and Jaime Gonzalez Gutierrez (also known as Jaime Gonzalez Castro). Gonzalez Gutierrez and Ladino were arrested by Mexican authorities at the request of the U.S. and are now in custody solely for extradition purposes. Mexico has approved extradition of Malherbe, a key lieutenant of Juan Garcia Abrego. He will be eligible for extradition upon completion of his sentence. However, he has filed an appeal to his extradition. Appeals are still pending in four other cases in which extradition has been granted. Three of these cases involve Mexican citizens: Tirso Angel Robles, Martin Avalos Tescuano, and Rosendo Gutierrez. The other involves a U.S. citizen with a claim to Mexican nationality through marriage: William Brian Martin.

To address the problem of “temporary extradition,” the United States and the GOM have agreed in the *Declaration of Mexico-U.S. Alliance Against Drugs* signed by Presidents Zedillo and Clinton in Mexico City on May 6, to negotiate a protocol on temporary extradition. This agreement would authorize the temporary surrender of such individuals for prosecution and their return after prosecution to complete the judicial process or sentence in the apprehending country. The U.S. Department of State, in May 1997, submitted a draft protocol text to the Mexican Secretariat of Foreign Relations (SRE) for its consideration. Agreement was reached ad referendum on a text during the recent October 1997 HLCCG discussions.

C. Strengthening Law Enforcement and Fighting Corruption Through Reforms

As seizure statistics and progress on extradition matters reflect, under the Zedillo administration, Mexico has made substantial progress in reorienting its domestic priorities, policies, and institutions to enhance cooperation with the U.S. against drug trafficking. Most importantly, the GOM has recognized the magnitude of the drug trafficking threat it faces, and has mobilized the resources of society to confront this threat.

1. Strengthening Laws and Empowering Law Enforcement

Mexico’s most significant longer-term achievement may be in the area of legal reform. Legislative change to Mexico’s Penal Code for the first time criminalizes money laundering. This new law provides for longer jail time for violators and enhanced penalties for government officials convicted under its provisions. Similarly, the new Organized Crime Law (OCL) provides Mexico with a new arsenal of investigative and prosecutorial tools, including electronic surveillance, witness protection, plea bargaining, and prosecution for criminal association. This new legislation also permits the seizure and forfeiture of assets used in illicit activities.

In the last six months, positive trends have continued as Mexico has begun implementing the organized crime and money laundering laws and regulations. The Organized Crime Unit (OCU) has been established within the Attorney General’s Office (PGR) to implement the law and has received considerable support from the USG. The GOM reports that there are currently 77 prosecutors, investigators, and other personnel assigned to the OCU, which will eventually consist

of 307 fully vetted and trained personnel. In addition to its role in the important investigation of former INCD head General Gutierrez Rebollo, the OCU is currently conducting more than 30 cases involving the Carrillo Fuentes, Arellano Felix, and Amezcua Organizations. Under the OCL's asset forfeiture provisions a total of \$41 million has been seized from associates of the Carrillo Fuentes organization alone.

Similar progress is being made under the new money laundering law. In March of 1997, Mexico's Hacienda issued new regulations governing certain financial institutions to enhance the ability to detect and track incidences of money laundering, including requirements for: reporting currency and other transactions in excess of \$10,000; reporting suspicious transactions; and, maintaining customer and account identification and transaction records. These rules are now being implemented.

Each of these laws is not without its own limitations. For example, the money laundering law's customer identification provisions fail to apply to beneficial owners, which could be a serious oversight since many laundering efforts are undertaken by individuals acting on behalf of others. However, taken as a whole, these laws represent substantial progress. The United States is working with the GOM to minimize the inherent limitations and maximize the ability of the GOM and the United States to work together to combat narcotics.

2. Progress Fighting Corruption, but Much Remains to be Done

Notwithstanding the goodwill and determination of both governments, obstacles to both bilateral cooperation and institutional reform remain. Mexican counter-drug authorities face an uphill struggle against widespread corruption. Drug trafficking criminals use their immense wealth, power, and capacity for violence to bribe or otherwise neutralize the effectiveness of law enforcement and other government officials.

However, even here we are seeing real progress. In a significant departure from the past, Mexico increasingly recognizes the dimensions of the problem of corruption and is determined at the highest levels of government to confront it. President Zedillo has acknowledged that corruption is deeply rooted in Mexican institutions. He has demanded that public officials lead a society-wide effort to create a culture of respect for law. He has confirmed the determination and demonstrated the resolve of his Administration to combat and eventually eliminate official corruption. President Zedillo's understanding and resolve now permeates his administration; Attorney General Jorge Madrazo, in an appearance before Mexico's new Congress on September 10, said that organized crime is overwhelming the nation's police forces, and urged federal and state officials and the public to unite in efforts against crime and corruption.

The Zedillo Administration's commitment to root out corruption has had far-reaching consequences for Mexico. In February, Brig. Gen. Jesus Gutierrez Rebollo, then the Commissioner of the National Counter-narcotics Institute (INCD), was arrested on narco-corruption charges. Subsequently, President Zedillo launched extensive restructuring of

Mexico's drug law enforcement organizations. The INCD was dissolved and the Special Prosecutor's Office for Crimes Against Health (FEADS) was announced as the first phase of a comprehensive Mexican strategy to reform the entire PGR. The GOM is attempting to rebuild its critical drug law enforcement institutions from the bottom up. The Gutierrez Rebollo case, and other highly publicized cases involving law enforcement, military and other government officials, underscore an invigorated GOM policy of openly attacking corruption.

The GOM has taken a number of important substantive steps towards reducing drug corruption in the ranks of law enforcement. The dissolution of the INCD has been accompanied by the creation of new vetted units within the PGR, namely the FEADS and the OCU discussed above. Vetting for these units is both more thorough and more widespread than in past efforts. The GOM plans to screen all employees of the PGR; according to the GOM, to date, 2,231 employees have been examined, results are in on 1,058, and of that number 462 qualified for employment. The Attorney General has also ordered comprehensive drug testing for PGR officials and is prosecuting officers found to test positive. The GOM has also applied the Organized Crime Law in its investigation and prosecution of General Guterrez Rebollo. Recent press accounts indicate that as many as 34 senior officers have been identified for disciplinary action for their alleged ties to narcotics trafficking. These initiatives are tangible evidence of an increased willingness and commitment on the part of the GOM to deal with the threat of narcotics-driven corruption.

III. BILATERAL COUNTER-DRUG COOPERATION

Since the formation of the United States-Mexico HLCCG in March 1996, and President Zedillo's declaration that drug trafficking is the main threat to Mexico's national security, Mexico and the United States have worked more closely to coordinate counter-drug policy and elevate the priority of drug control issues. The U.S. and Mexico reached agreement on the nature of the drug threat to our two societies in the *United States Mexico Bilateral Drug Threat Assessment* published in May 1997. In May of 1997, Presidents Clinton and Zedillo also signed the *Declaration of the U.S.-Mexico Alliance Against Drugs* (See attachment 3). The *Alliance* established counter-drug objectives and committed both nations to sixteen specific counter-drug goals. These goals are: reducing demand through information, education and rehabilitation; reducing the production and distribution of drugs; focusing law enforcement efforts against criminal organizations in both countries; strengthening law enforcement cooperation and coordination; bringing fugitives to justice, including through facilitating temporary extraditions for trial purposes; targeting firearms traffickers; developing hemispheric agreement outlawing illegal arms trafficking; conducting joint efforts to enhance the success the U.N. Special Session on Illicit Drugs; combating corruption; controlling precursor chemicals; implementing laws to detect and penalize money laundering; seizing drug proceeds and directing them to anti-drug efforts; improving the capacity to interrupt drug shipments by air, land, and sea; expanding training and technical cooperation; enhancing cooperation along both sides of the common border; and, improving information sharing and coordination between our counter-drug forces.

Institutional cooperation between United States and GOM agencies on counter-drug activities improved measurably in 1996 and has continued to improve in 1997. In 1996-1997, Mexican law enforcement institutions underwent rapid personnel turnover as they were rocked by revelations about the degree to which drug traffickers had penetrated law enforcement. In the last six months, Mexican institutional reforms have helped stabilize the situation and create the basis for law enforcement cooperation in an atmosphere of trust. Nonetheless, there is still need for greater law enforcement cooperation, and our efforts reflect this need.

The HLCG continues to provide an effective cabinet-level forum for coordinating counter-drug policy at the national level. As directed by Presidents Clinton and Zedillo in May, the work of the HLCG is now focusing on developing a *Joint U.S.-Mexico Counter-drug Strategy*. The process of developing the joint strategy has led to a greater mutual understanding of national capabilities and limitations and has provided the impetus for enhancement and integration of ongoing cooperative efforts across a broad spectrum of activities.

A. Building Stronger Working Relationship Between Law Enforcement Organizations

The United States and Mexico have established a multi-tiered structure for cooperation on law enforcement matters. The HLCG provides a policy framework for joint counter-narcotics cooperation. A working group of the U.S.-Mexico Binational Commission meets regularly to address a full range of law enforcement issues. Closer to the operational level, the Senior Law Enforcement Plenary Group, chaired by a U.S. Deputy Assistant Attorney General and the Mexican Deputy Attorney General, deals primarily with operational matters related to drugs. Much of the substantive work and progress overseen by these groups is accomplished by technical working or consultative groups, which cover specific areas such as money laundering, chemical control, demand reduction, prisoner transfer, extradition, and mutual legal assistance. These working groups meet regularly to exchange information on laws and regulations, discuss procedures and problems, plan joint strategies, promote expanded information sharing, and organize training.

We also expect to see further improvements in operations level law enforcement cooperation through the Bilateral Border Task Forces (BTFs) -- bilateral drug law enforcement units established along the U.S.-Mexico border by a 1996 Memorandum of Understanding. The BTFs were designed to be the key units and cornerstone for U.S.-Mexico cooperative enforcement efforts targeting the major drug trafficking organizations along the border.

Reflecting administrative and operational problems, the BTFs are among the first PGR units to undergo vetting and reorganization. (In April, Mexican Attorney General Jorge Madrazo and Special Prosecutor Mariano Herran announced that BTF personnel would be replaced by properly vetted, top graduates of the May 1997 PGR Academy class.) The time required for training and screening of the new personnel has slowed BTF efforts. However, in the long run

these initiatives will strengthen the base of trust upon which greater gains can be made. Additionally, the BTF's are somewhat constrained because the full complement of U.S. personnel has been prevented from joining the groups for security reasons. The safety and security of U.S. personnel in this and other counter-narcotics related activities in Mexico is of great concern to the Administration. To help ensure the safety of BTF personnel, the GOM has agreed to provide official-acts immunity to U.S. participants in the BTFs. Building upon these gains, in July, the GOM formally authorized an increase in the number of U.S. law enforcement personnel assigned to Mexico, adding six DEA and six FBI Special Agents to support U.S. investigations and work with Mexican counterparts. Several of those resident agents will be assigned as liaison with the BTFs.

B. Expanding Information Sharing and Coordination

Information sharing is critical to the effectiveness of both national and bilateral counter-drug efforts. One of the most critical elements in this process has been the effort by the GOM to improve its information security practices, including intensified security screening for Mexican personnel who handle U.S.- provided information. These ongoing GOM screening efforts will be critical to building trust. However, it must be understood that to the extent that concerns about security of information remain, greater information sharing will be constrained. We must be aggressive in seeking opportunities for cooperation, exchange and coordination, but continue to be prudent in implementing these efforts.

1. Sharing Prosecutorial Information

The U.S. and Mexico have been developing new ways to improve the use of the Mutual Legal Assistance Treaty (MLAT) to fashion stronger cases against individuals involved in transborder narcotics trafficking and related crimes. Specifically, as an incentive for Mexican prisoners to appear as witnesses in U.S. proceedings (as required by the MLAT) Mexican authorities have recently agreed to use the Organized Crime Law to seek a reduction in a witness' Mexican sentence based upon full and truthful cooperation with both U.S. and Mexican prosecutors and investigators.

2. Sharing Strategic and Tactical Information and Improving Coordination

The development of strategic and tactical information sharing institutions and practices has improved understanding of drug trafficking organizations and increased law enforcement effectiveness in both countries. One of the most important advances is the Information Analysis Center (IAC), an interagency multi-source intelligence fusion center located in the U.S. Embassy in Mexico City, which develops strategic intelligence for use by U.S. and Mexican law enforcement agencies.

Additionally, the IAC plays a key role in the tactical information sharing process. A secure communications link between the IAC and CENDRO has been in place since December 1996 to share sensitive information and has been used with increasing frequency. The link is especially valuable for sharing real-time tracking information to support Mexican end game operations, for example:

- In January 1997, the IAC passed locational data to Mexican naval units, which boarded the vessel “Viva Sinaloa” and seized more than three metric tons of cocaine.
- In July 1997, the transfer of extensive real-time tracking information on airplanes and fast boats resulted in a 1,000-kilogram cocaine seizure on the waters north of San Andres Island in the Caribbean.
- During the first seven months of 1997, IAC air alerts resulted in a foiled airdrop in Mexican waters; the seizure of 175 kilograms of cocaine, 32 kilograms of marijuana, an aircraft, and a vehicle; and the arrest of four persons on drug-related charges.

Given the changing face of trafficking patterns, with increases in the use of maritime shipments, we are presently examining ways to improve our information sharing and coordination with the Mexican government.

3. Sharing Maritime Information and Improving Coordination

Recent meetings between high level USCG and Mexican Navy officials have led to several agreements for increased cooperation with respect to information sharing and communications. Since direct communication and coordination for maritime counter-drug operations along the Texas/Mexico border began in June 1997, information has been successfully exchanged with the Mexican Navy on five separate occasions concerning *lancha* (small boat) activity in the vicinity of the U.S.-Mexico border.

4. Sharing Financial Information

The governments of the United States and Mexico are cooperating to attack the financial underpinnings of drug trafficking organizations. U.S. and Mexican authorities now routinely share tax and financial information via a series of formal agreements. These agreements (the Financial Information Exchange Agreement, Tax Information Exchange Agreement, and Mutual Legal Assistance Treaty) allow each country to assist the other in combating financial crimes by exchanging evidence and other financial data.

5. Exchanging Information at the Border

Along the U.S.-Mexico border (particularly in the San Diego-Tijuana area), special programs are being developed and implemented to exchange information and evidence needed to arrest and prosecute transborder criminals, for example:

- Consultations continue to find better ways to ensure that minor transporters of drugs across the border can be prosecuted in their country of origin with the help of evidence collected by the border immigration or customs authorities of the excluding country.
- The U.S. and Mexico recently established the Southern California Border Public Safety Council, within the Border Liaison Mechanism, to handle violent cross-border encounters and facilitate investigations by officials from both nations at crime scenes. (It is anticipated that the enhanced cooperative measures developed by the Council will serve as a model for similar bilateral groups across the border region.)
- U.S. and Mexican Customs Port-of-Entry Directors can now communicate with each other via a direct telephone link. As a result, information on large scale public gatherings, mass migrations of persons, and individuals avoiding law enforcement efforts can be immediately passed to the affected U.S. or Mexican port, making the border environment safer for citizens and customs officers of both nations.

6. Exchanging Information on Precursor Chemicals

Enhanced communication has also occurred in the area of precursor chemicals -- due, in large measure, to cooperation through the Bilateral Chemical Control Working Group. In 1997, Mexico implemented regulations limiting the legal importation of precursor chemicals to seven designated ports of entry. Since March 1997, at Mexico's request, the United States provides advance written notification for each precursor shipment being shipped from the U.S. to Mexico. The two countries are exploring more direct communications through an electronic mail package similar to the links the U.S. maintains with the European Union and the International Narcotics Control Board.

C. Building Counter-drug Capabilities Through Training

Both nations agree that training will play a crucial role in rebuilding Mexico's drug law enforcement institutions, particularly with respect to strengthening law enforcement cooperation. At the May meeting of the Presidents in Mexico City, the U.S. and Mexico agreed to broaden Mexico's efforts to strengthen the core training and professionalism of Mexico's federal police and prosecutors. The two governments have focused their immediate attention on training and equipping specialized anti-crime units such as the OCU, the BTFs, and a Financial Intelligence Unit.

1. Training Law Enforcement

- At the operational level, combined training for the OCU and BTFs has already begun. Thirty-nine fully-vetted Mexican agents have attended a four-week advanced training program in the U.S. sponsored by DEA, FBI, the Department of Justice, and the Department of the Treasury.
- The Internal Revenue Service Criminal Investigation Division (IRS-CI) continues to provide training for criminal investigators and prosecutors responsible for the enforcement of Mexico's new financial crime and money laundering laws.
- Two 1996 training programs on processing and analyzing Suspicious Activities Reporting (SAR) and money laundering and financial investigative techniques, marked the first time that members of the Hacienda and PGR participated in joint training to coordinate and maximize the effectiveness of the new anti-money laundering legislation.

2. Training the Criminal Justice System

- The USG and GOM are developing a project to provide technical assistance and training to the PGR in a range of areas including: strategic planning, training, resource and personnel management, policy and procedure development, and recruitment and selection.
- The U.S. Agency for International Development has also initiated a U.S.-Mexico Judicial Exchange Program. The program has established a two-year series of bilateral seminars and conferences on judicial topics, including organization and administration, information management, organized crime, extradition procedures, and rules of evidence.

3. Training and Equipping to Enhance Mexican Military Interdiction Efforts

Given President Zedillo's decision to temporarily expand the role of the Mexican military in counter-drug missions, development of effective military counter-drug capabilities is essential. The two governments are cooperating extensively on training and equipping Mexican military counter-drug efforts, including:

- The Department of Defense (DoD) has established a training and equipment program for the development of an airmobile, rapid-reaction, counter-drug capability to support drug interdiction efforts in Mexico. In FY 96, approximately 300 Mexican military personnel completed counter-drug training provided by DOD. In FY 97, more than 1,500 Mexican military personnel will be trained in an expanded counter-drug training program. Training is now focused on GAFE units (*Grupos Aeromoviles Fuerzas Especiales* -- elite Mexican Army Special Forces units trained in air assault interdiction operations) and the UH-1H squadrons that support their operations. Training of GAFEs is scheduled to continue

through FY 99. All GAFE training includes a strong human rights component.

- DoD is transferring 73 UH-1H helicopters to the Mexican Air Force to support GAFE unit counter-drug operations and four C-26 fixed wing turboprop aircraft for use in counter-drug reconnaissance and support missions. These assets are a significant improvement in Mexico's counter-drug capabilities. To further bolster Mexico's long-term ability to maintain the counter-drug UH-1H fleet, Section 1031 of the 1997 Defense Authorization Act provided \$8 million in counter-drug procurement support to Mexico. Authority to continue these vital efforts is being sought in the FY98 Defense Authorization Bill; without this authority, we will be unable to continue this support effort. These increased assets have produced results. From December 1996 to August 1997, these aircraft logged a total of 3,600 flight hours supporting counter-drug missions. According to the GOM, through May 1997, UH-1H flights: located 9,076 drug fields; identified 281 new clandestine airfields; identified 30 previously unknown areas suitable for clandestine airstrips; identified 56 previously unknown possible border crossing points; and seized 4,605 kilograms of marijuana.
- DOD, with the support of the U.S. Coast Guard (USCG), has also developed a maritime counter-drug training program to train Mexican naval forces for operations in a marine/coastal and riverine environment. More than 600 Mexican Navy personnel will receive this training in 1997. Mexico also acquired two U.S. Knox class frigates for use in a maritime counter-drug role, and DoD will provide training to assist in developing this capability. To further assist the GOM in improving its maritime law enforcement capabilities, the USCG also provides training to the Mexican Navy in basic boarding and law enforcement procedures.

D. Improving Interdiction Cooperation and Border Coordination

1. Enhancing Maritime Cooperation and Coordination

Maritime counter-drug operations gained new significance in FY 97, as both governments recognized the increased threat posed by maritime transport of cocaine, marijuana, precursors, and other related contraband, both in commercial shipping and in smaller, high performance "go-fast" boats. Mexico and the United States made advances in the areas of training, information exchange, and cooperative maritime law enforcement.

a. Maritime Air Patrols

The exchange of information between Mexico and the U.S. concerning suspected maritime trafficking has enhanced coordination on reconnaissance flights. In addition, Mexico's willingness to pursue traffickers several hundred miles out to sea has greatly improved maritime interdiction efforts. The result has been significant seizures near the Yucatan Peninsula, and areas near the southern tip of Baja California and the adjacent west coast of the Mexican mainland.

b. Cooperative Maritime Interdiction Operations

The USCG, in conjunction with other federal law enforcement agencies, is also conducting maritime interdiction operations in the coastal waters along our border with Mexico in both the Pacific and the Gulf of Mexico. Operation GULF SHIELD is centered in Brownsville, Texas. Operation BORDER SHIELD is centered in San Diego, California. In conjunction with Operation GULF SHIELD, the Mexican Navy is conducting Operation TAMAULIPAS 97 along the Texas/Mexico border. The Mexican Navy has two warships with deployed helicopters in support of the operation, and has expressed a desire to continue this operation indefinitely. In addition, the Mexican Navy is requiring the registration of all small boats and the sale of outboard engines larger than 75 horsepower.

The results of enhanced cooperation in maritime interdiction can be seen in the success of Operation BORDER SHIELD. On August 11, 1997, Joint Interagency Task Force West developed information on a smuggling operation south of Acapulco involving the transfer of drugs from a mother ship to a go-fast boat. The USCG Cutter BOUTWELL, a U.S. Navy P-3, three Mexican Navy vessels, and a Mexican Navy aircraft responded. USCS aircraft tracked the go-fast boat, which jettisoned more than 100 bales of cocaine. Despite the Mexican Navy's fast response, the go-fast escaped under cover of darkness before the authorities could arrive. However, BOUTWELL and the Mexican vessels recovered more than 2.7 tons of jettisoned cocaine, which was transferred to the custody of the Mexican Navy. The Mexican Navy support to this successful operation showcases the potential for cooperative maritime law enforcement.

Similarly, at the Mexican government's request, USCG Law Enforcement Detachment Teams (LEDETs) deploy with increasing frequency to Mexico to assist the Mexican Navy with dockside boardings using IONSCAN equipment. During the course of one deployment in 1996, the LEDETs boarded seven vessels suspected by the Mexican Navy of drug smuggling. Although no contraband was discovered, several positive hits indicated the prior presence of drugs. On the basis of this evidence, Mexico seized all seven vessels with an estimated total worth of \$3 to \$4 million. In January 1997, a LEDET team participated in the boarding of the "Viva Sinaloa," leading to the seizure of more than three metric tons of cocaine. In addition, LEDET personnel have appeared in Mexican courts three times to testify as expert witnesses against suspected drug smugglers, most recently on July 22, 1997.

2. Expanding Air Interdiction Cooperation

The USCS Aviation Program has been involved in counter-drug operations with Mexico since 1990, resulting in an excellent level of cooperation. The GOM authorizes regular overflight and case-by-case pursuit in Mexican airspace for USCS P-3 aircraft monitoring suspect narco-trafficking aircraft, or responding to emergent intelligence. Regular pre-authorized overflights require a Mexican national, in most cases a representative from the PGR, to be present. The Mexican representative aboard the USCS aircraft serves as a coordinator for Mexican law enforcement assets involved in prosecuting the suspect track.

USCS has proposed an exchange of liaisons between the DAICC and its counterpart CENDRO (the Mexican national counter-drug coordination and intelligence center). The DAICC offers the only means of monitoring suspect low-level flights in northern Mexico. The U.S. believes that the proposed liaison exchange will enhance communication between Mexican and U.S. law enforcement and help improve apprehension rates for drug trafficker aircraft over Mexico. Mexico accepted this offer during our October HLCG meeting and both nations will soon have liaison officers operating at the respective centers.

Air interdiction cooperation is expected to improve in the wake of the GOM's agreement to enhance bilateral detection and monitoring cooperation, as well as streamlining overflight and refueling request procedures. Mexico recently provided immediate authorizations and assistance for U.S. aircraft to overfly Mexican air space when observing suspected drug trafficking aircraft flying into Belize and Guatemala. This assistance included permission to refuel in Mexico and agreement to keep airfields open while detection and monitoring missions were airborne and in possible need of fuel. As the result of high-level discussions during the Bilateral Working Group on Military Cooperation meeting held in May 1997, Mexico has streamlined the procedures by which U.S. aircraft and maritime vessels supporting counter-drug missions can receive authorization to overfly or refuel in Mexican territory.

Additionally, the capabilities of Mexico's own air interdiction program have grown exponentially since its inception in 1991. For example, in coordination with similar U.S. efforts, and with U.S. support and training, Mexico has acquired Citation interceptor aircraft, which are now carrying out interdiction efforts in the Southwest border region. The record of success already achieved could be strengthened with new initiatives in the future, perhaps including cooperative operations to target ongoing suspect air activity occurring just south of the U.S.-Mexican border.

3. Improving Border Coordination

The USCS and Mexico have improved their communications and cooperation. Port Quality Improvement Council's (PQIC) have been formed in an effort by the major U.S. federal inspection agencies (USCS, Immigration and Naturalization Service, and Department of Agriculture) to coordinate the management of large Southwest Border ports-of-entry. PQIC coordination and communication has been extended to Mexican counterparts via the Border Working Groups operating at the local level at Southwest Border ports. Increased communication between U.S. and Mexican customs officials along the border has improved traffic management and facility usage. Cargo and passenger facility hours of operation are now coordinated, increasing the efficiency of both U.S. and Mexican agencies.

a. Border Liaison Mechanism (BLM)

The U.S. and Mexico created the BLM in 1993 to improve local communication on

border incidents. The principal officers at U.S. and Mexican Consulates in five border pair cities (Tijuana/San Diego, Ciudad Juarez/El Paso, Nuevo Laredo/Laredo, Hermosillo/Nogales, and Matamoros/Brownsville) chair quarterly meetings with law enforcement officials, civic leaders and representatives of inspection agencies to discuss “border cooperation and any recent violent incidents.” Additional BLMs have been added at Mexicali/Calexico, Reynosa/McAllen, and Ojinaga/Presidio.

The BLMs have proven useful in resolving problems locally that otherwise might have escalated to national-level issues. In addition to narcotics-related issues such as border violence and customs inspections, BLMs have also dealt successfully with other issues, notably port management, border facilitation and immigration questions.

b. America’s Narcotics Control Initiative (ANCI)

Through the ANCI program, USCS will assist exporters, carriers, and port authorities in developing and implementing security programs and initiatives that safeguard legitimate trade from being used to smuggle narcotics and to assess border operations. ANCI will build upon the current Carrier Initiative and Business Anti-Smuggling Coalition programs, which USCS has promoted with industry in the hemisphere. Mexico is one of the obvious target countries for the ANCI.

CONCLUSION

The U.S. strategy is to build a strategic partnership with Mexico to counter the threat of drugs our two nations share. This strategy has a three-year record of solid progress. Presidents Clinton and Zedillo have signed an *Alliance* against drugs that sets forth tough but achievable goals and markers. We are working with Mexico to develop a historic bilateral *Strategy* to meet those goals. At the local level, the Border Liaison Mechanisms along the Southwest border are building trust and producing real results. Internally, the Zedillo administration is demonstrating in tangible ways -- not just in words -- its resolve to release Mexico from the choke hold of drug-driven corruption. This a foundation upon which greater progress can be built against drugs.

However, optimism must be tempered by realism. As President Zedillo himself has recognized, drug-driven corruption threatens Mexico’s national security and even its national sovereignty. A climate of violence exists along the U.S.-Mexico border that places the lives of law abiding-citizens at risk as well as law-breaking criminals. Traffickers continue to smuggle drugs across the border into America. Problems remain. The issue is how best to confront them.

Our policies must reflect the complexities of our relationship with Mexico. We cannot alter the fact that we share a 2,000 mile land border with Mexico. Nor is it within our interests to undermine the economic progress we are making as partners in a global market. Imports from the United States to Mexico increased 127 percent from 1990 to 1996 (\$39.3 billion to \$89.4 billion). In the first six months of 1997: Texas' exports to Mexico were running at an annual rate of \$23.6 billion (up 62 percent from 1993); Arizona's exports to Mexico were running at an annual rate of \$2.1 billion (up 84 percent from 1993); and, California's exports to Mexico were running at an annual rate of \$5.2 billion (up 92 percent from 1993). Most importantly, given the sensibilities and history at work, publicly cataloging Mexican shortcomings may sometimes prove counter-productive in truly reducing drug trafficking and use.

Both the United States and Mexico share blame and responsibility. Despite recent declines in drug use in America, we remain one of the world's largest drug consuming nations. It is our demand for drugs that plays a major role in driving this deadly market.

Multinational attacks on the entire chain -- from production to consumption -- offer the best solution to the international drug problem. Given Mexico's political situation, we are more apt to attain better results as a partner confronting this common problem than as a powerful neighbor making demands. The Administration's collaborative efforts with Mexico reflect this understanding and are producing measurable results.

ONDCP looks forward to working with both the Committee and the Caucus as we move forward in our collaborative work with Mexico and other nations, and as we confront the problems of illegal drugs here at home. The bipartisan Congressional support we have received has been critical to the progress we have already made. Over the last 17 years, the overall number of drug users in America has declined by 50 percent; the number of Cocaine users has fallen by 75 percent. The past month use of illicit drugs by children, ages 12 to 17, has dropped from 10.9 percent to 9 percent. Crack use among arrestees is down across the nation, and according to the latest National Institute of Justice study, the decline in crack use has contributed to the nationwide decline in homicides. Our ultimate goal is to reduce drug use in America down to a historic low in the coming decade. We welcome your continued help in making this goal a reality, including:

- Support for the Administration's bill to reauthorize ONDCP;
- Long-range counter-drug planning, including a 10-year strategy supported by a five-year budget and performance measures to assess our work; and,
- Confirming the two ONDCP nominees now pending before the Senate before recess.

Your support for these and other initiatives is vital to continued progress in decreasing the availability and use of illegal drugs in America.

Thank you for this opportunity to testify on U.S.-Mexico counter-drug cooperation. We look forward to continuing to work together.

